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Message Text

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15
ACTION NEA-13

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 CIAE-00

DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 AGR-20

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LAB-06 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 PRS-01 SPC-03 FEA-02 OMB-01

SCI-06 DRC-01 /222 W
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O 220740Z JAN 74
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TO SECSTATE WASHDC IMMEDIATE 5155
INFO AMEMBASSY ABU DHABI IMMEDIATE
AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
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AMEMBASSY LONDON IMMEDIATE
AMEMBASSY ROME IMMEDIATE
AMEMBASSY TRIPOLI IMMEDIATE
AMEMBASSY BEIRUT IMMEDIATE

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BEIRUT PLEASE PASS BAGHDAD

E.O. 11652: N/A
TAGS: ENRG, IR
SUBJ: GOI MINISTER REJECTS SECRETARY SHULTZ'S REMARKS ON
OIL PRICES

1. SUMMARY. BOTH TEHRAN'S LEADING ENGLISH LANGUAGE JOURNALS CARRIED NEARLY IDENTICAL FRONT PAGE APRTICLES REPORTING GOI FINMIN AMOUZEGAR'S REPLY TO SECRETARY SHULTZ'S REMARKS ON
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OIL PRICES. AMOUZEGAR'S BASIC POINT IS THAT IF CONSUMER'S

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CAN DETERMINE OIL PRICES, THEN OAW PRODUCERS SHOULD HAVE THE RIGHT TO DETERMINE THE PRICES OF GOODS THEY IMPORT. END SUMMARY. TEXT OF "KAYHAN ARTICLE FOLLOWS.

2. HEADLINE: "IRAN REJECTS U.S. OIL PRICE PRESSURE". TEXT: "FINANCE MINISTER JAMSHID AMUZEGAR YESTERDAY REJECTED" U.S. TREASURY SECRETARY GEORGE SHULTZ'S PROPOSAL THAT OIL PRODUCERS SHOULD REDUCE THEIR PRICE TO DOLS5 PER BARREL FOR CRUDE.

"IN RESPONSE TO QUESTIONS BY THE PARS NEWS AGENCY, AMUZEGAR SAID THAT IF SHULTZ'S PROPOSAL WAS MET, THEN THE PRODUCING COUNTRIES RESERVED THE RIGHT TO DICTATE PRICES OF GOODS PRODUCED BY THE CONSUMING STATES. "DURING THE PAST YEAR, HE SAID,

WHEAT PRICES HAD INCREASED BY 300 PER CENT WHILE THE RATES OF PETROCHEMICALS, CEMENT, SUGAR AND OIL SEEDS HAD CLIMBED BY 900 PER CENT. HE WOUNDERED WHY THE INDUSTRIALIZED OIL-CONSUMING STATES NEVER BOTHERED TO RECOGNISE THE FINANCIAL PROBLEMS THESE INCREASES CAUSED TO THE DEVELOPING OIL-PRODUCING COUNTRIES OF THE WORLD.

"OIL PRODUCERS
HE SAID, HAD THE RIGHT TO DETERMINE THE RATES
OF THE INDUSTRIALISED NATIONS' EXPORTS IF THE LATTER CLAIMED
THE RIGHT TO PRICE PETROLEUM.

"WHY SHOULD THE OIL-CONSUMING STATES PROTEST AGAINST THE RISING OIL PRICES WHILE THEY DID NOT EVEN MENTION THAT THEIR OWN EXPORTS' RATES HAD INCREASED ASTRONOMICALLY OVER THE PAST YEAR.

"SHULTZ HAD STATED THAT THE OIL-PRODUCING STATES SHOULD RECOGNISE THE 'LITERALLY UNMANAGEABLE' FINANCIAL PROBLEMS ARISING FROM THE RECENT CRUDE OIL PRICE INCREASES AND THE EFFECT THESE WOULD HAVE ON THE SPIRALLING PRICES OF INDUSTRIAL GOODS EXPORTED TO THE OIL PRODUCING STATES.

"AMUZEGAR SAID THAT THE RECENT INCREASE IN CRUDE PRICES WAS A LEGITIMATE AND REASONABLE MOVE BY THE OIL-RICH STATES TO PROTECT THEIR PURCHASING POWER AGAINST THE RISING PRICES OF COMMODITIES IMPORTED FROM THE INDUSTRIALIZED COUNTRIES.
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"ON A STATEMENT BY SHULTZ THAT OIL PRODUCERS AND CONSUMERS SHOULD COOPERATE TO WARD OFF A RECESSION, AMUZEGAR SAID THAT THE SHAH HAD MADE THIS SUGGESTION ON DEC. 23, 1973.

"THUS, THE MINISTER CONCLUDED, IRAN'S POSITION WAS MADE CLEAR IN THIS RESPECT, MEANING THAT IRAN WELCOMED SUCH COOPERATION." END TEXT.

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